

Message Text

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ACTION EB-07

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TO SECSTATE WASHDC 1985

INFO AMEMBASSY JAKARTA

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DEPT PASS EXIMBANK FOR CHAIRMAN CASEY

DEPT PASS TREASURY FOR ASST SECY PARSKY

E.O. 11652: N/A

TAGS: ETRD, EFIN, EINV KU ID

SUBJECT: KUWAIT INTEREST IN INDONESIAN PROJECTS

REF: (A) KUWAIT 5536 (B) STATE 5076 (C) JAKARTA 546

1. EMBOFF DISCUSSED POSSIBLE GOK INTEREST IN INDONESIAN NICKEL AND SUGAR PROJECTS WITH DIRECTOR OF INVESTMENTS ABU SU'UD JANUARY 19. HE SAID GOK WOULD NOT RPT NOT BE INTERESTED IN NICKEL PROJECT SINCE IT DID NOT INVOLVE EQUITY POSSIBILITY. PRIOR TO CONVERSATION WITH ABU SU'UD, EMBOFF WAS CALLED BY FNCB LIAISON OFFICER WEST WHO SAID HE UNDERSTOOD THAT AT THIS STAGE POSSIBILITY OF EQUITY POSITION BEING MADE AVAILABLE TO KUWAITIS IN NICKEL PROJECT WAS VIRTUALLY NONEXISTENT. MOREOVER, FNCB FAIRLY CONFIDENT IT CAN OBTAIN REMAINING FINANCING FROM OTHER SOURCES. APPEARS THEREFORE THAT KUWAITIS WILL NOT RPT NOT BE INVOLVED WITH INDONESIAN NICKEL PROJECT.

2. EMBOFF ALSO MENTIONED TO ABU SU'UD THAT THERE MAY BE INVESTMENT POSSIBILITIES IN INDONESIAN SUGAR INDUSTRY, BUT THAT CON-

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CESSIONNARY FINANCING MAY BE REQUIRED. ABU SU'UD SAID HE WILLING

CONSIDER INVESTING IN INDONESIAN SUGAR PROJECTS PROVIDED PROJECTS ARE FEASIBLE AND EQUITY POSITION AVAILABLE FOR KUWAITI INVESTOR. GOK WILLING CONSIDER CONCESSIONNARY FINANCING IN PROPORTION TO ITS SHARE OF EQUITY.

3. COMMENT: BASED ON JANUARY 19 AND OTHER CONVERSATIONS WITH ABU SU'UD, MINISTER FINANCE AND OIL ATEEQI AND OTHERS IT BECOMING CLEAR THAT AT LEAST ON THOSE PROJECTS WHICH EMBASSY BRINGS TO ITS ATTENTION, GOK WILL WANT (1) SOME EQUITY, (2) AS DETAILED A STATEMENT AS POSSIBLE OF THE FEASIBILITY OF THE PROJECT AND (3) AN INDICATION OF USG INTEREST OR PARTICIPATION. IN OTHER WORDS, EMBASSY MOST LIKELY TO OBTAIN POSITIVE GOK REACTION IF WE CAN PRESENT A PROJECT THAT HAS ROOM FOR KUWAITI EQUITY PARTICIPATION, THAT WE CAN SHOW TO BE ECONOMICALLY FEASIBLE AND WHICH, THROUGH EXIMBANK OR SOME OTHER AGENCY, USG ITSELF INVOLVED.

4. ACTION REQUESTED: DURING THIS EARLY STAGE OF USG-GOK RELATIONSHIP IN AREA TRIPARTITE INVESTMENTS IN LDCS I WOULD LIKE TO BE ABLE TO PRESENT ONE OR TWO PROJECT PROPOSALS MEETING CRITERIA NOTED IN PRECEDING PARA. BELIEVE THIS BEST WAY TO GET RELATIONSHIP OFF TO GOOD START.

STOLTZFUS

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